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16 OCT 1964

The Honorable Clark Clifford
Chairman, President's Foreign
Intelligence Advisory Board
Washington, D.C.

Dear Mr. Clifford:

Attached is the annual report of the Central Intelligence Agency for Fiscal Year 1964 as required by your Board. You will note this report is designed to comment specifically on each subject requested in your letter of 8 June 1964. Your letter is included and for your ready reference the pages which contain our comments are indicated after each heading.

I consider this report a comprehensive response to your letter and a useful summary of CIA's activities in the designated areas. No attempt was made to report on the very large number of activities of the CIA concerning which no comment was requested by your Board.

It is my opinion that organizational changes indicated in this report have improved the effectiveness and efficiency of CIA. While I believe this true of all Directorates of the Agency, the centralization of most, though not all, of our scientific and technical disciplines under the newly-created Office of Deputy Director for Science and Technology has been most rewarding. This concentration has permitted an imaginative and aggressive approach to new developments essential to the intelligence mission, a more penetrating analysis of the highly technical intelligence received from scientific collection resources and a greatly improved ability to correctly appraise the meaning of intelligence gained from technical collection systems.

I am sure you will find the report both comprehensive and interesting. I wish to call your special attention to the stability of the Agency both with respect to cost and manpower as evidenced in the five-year forecasts which are included. This results from careful management and the

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increased control over Agency activities, money and manpower from authority granted the Comptroller whose functions have been placed in the chain of command.

I believe that the work of the Agency reflects the high degree of professionalism which has been achieved by its dedicated personnel and their determination to fulfill the responsibilities placed upon them. It is my observation that CIA is unique among government agencies in its ability to recruit outstanding personnel of the highest scholastic training and intellectual capabilities and to encourage them to make a long and often lifetime career of service to the Agency and hence to the United States Government. The resulting continuity of the CIA personnel gives to our Government an indispensable resource of knowledge based upon years of experience. This, I have observed, is invaluable both in operations and in the analytical and estimative responsibilities assigned to the Central Intelligence Agency by statute and by assignment by the President and the National Security Council.

Sincerely,

(Signed) JOHN A. MCCONE

John A. McCone
Director

Enclosure

JAM:drm

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THE WHITE HOUSE
Washington

PRESIDENT'S FOREIGN INTELLIGENCE ADVISORY BOARD

June 8, 1964

MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: Annual Reports on Intelligence and Related
Activities of the Central Intelligence Agency

REFERENCE: Executive Order No. 10938

The President's Foreign Intelligence Advisory Board has recently considered the matter of the submission by the Central Intelligence Agency of annual reports concerning intelligence activities and covert action programs in which the Agency is engaged.

It is the Board's view that the submission of such reports will, as in previous years, serve to facilitate the work of the Board in discharging its responsibility for maintaining, at the President's direction, a continuing review and assessment of the over-all United States foreign intelligence effort, as the basis for advice and recommendations to the President.

Accordingly, the Board would appreciate the continued submission of annual reports covering significant intelligence and covert action activities of the Central Intelligence Agency, subject to certain modifications in reporting which we believe will enhance their value to the Board and, hopefully, to the Agency as well. It is requested that the reports be prepared along the lines suggested in the enclosure to this memorandum and that they be submitted on or before October 1, covering the period of the preceding fiscal year.

The Board anticipates that the Agency's annual reports will serve as useful supplements to, although not as substitutes for, those reports which are submitted to the President and to the Board from time to time in response to White House requests for comments on, or the implementation of, recommendations which the Board has made.

Meanwhile, apart from these reporting arrangements, the Board will be glad to consider any matters which the Agency may wish to

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raise at any time with respect to intelligence-related problems and measures for strengthening the intelligence effort.

(signed)

Clark M. Clifford
Chairman

Attachment

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REPORTING OUTLINE
(Central Intelligence Agency)

8 June 1964

Information concerning major intelligence-related activities including the following (identifying in each instance, where applicable, the governing National Security Council Intelligence Directives, Director of Central Intelligence Directives, or other national policy directives, pursuant to which such activities are performed):

A. Organizational arrangements for headquarters and field direction of intelligence-related functions, including organizational charts Page 1




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C. Training of intelligence personnel Page 6

D. Intelligence collection requirements. (Coordination, formulation and tasking of requirements generated internally or by other agencies for purposes of meeting intelligence needs.)
. Page 12

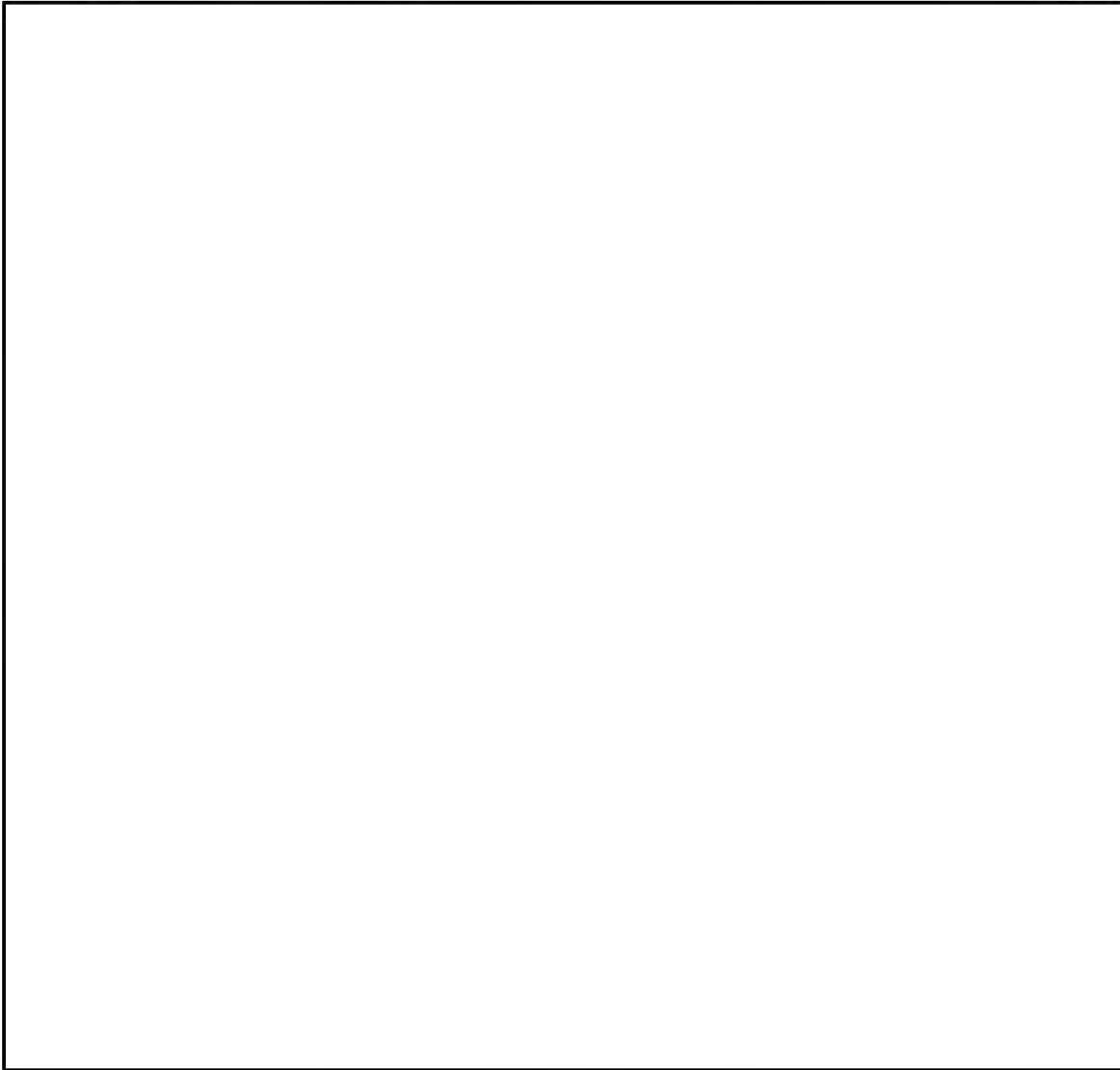
E. Intelligence collection activities (reflecting significant results achieved during the reporting period) including those programs on the following list in which your agency performs a collection function:

- (1) Basic intelligence Page 16
- (2) 
- (3) Political intelligence Page 18
- (4) Economic intelligence Page 21
- (5) Scientific and technical intelligence Page 22
- (6) Guided missile and astronautics
intelligence Page 25

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G. Intelligence production.

(1) Current intelligence analyses. (Including organizational and procedural arrangements in the field and at headquarters; procedures for timely identification and exploitation of early warning and indicator-type data concerning developing crisis situations warranting prompt consideration at highest government levels.)

..... Page 59

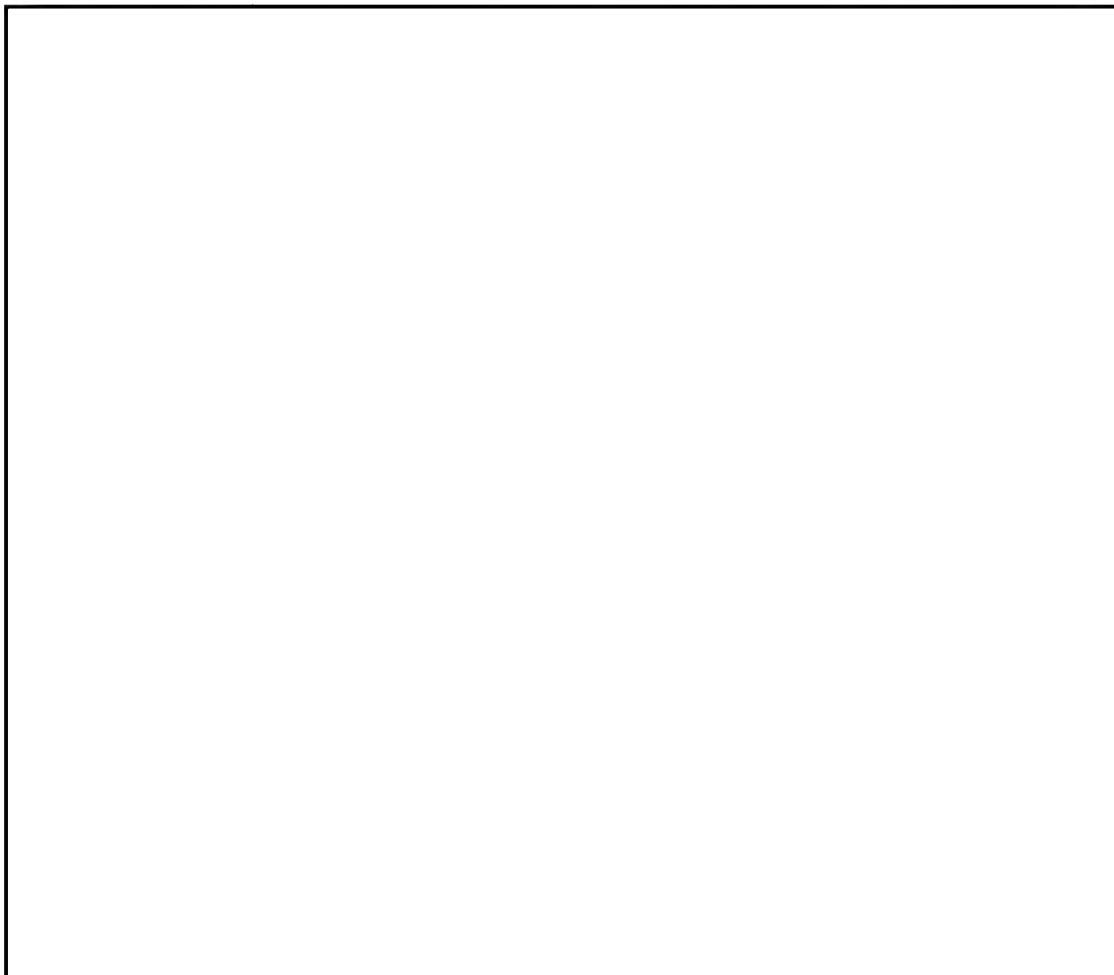
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(2) National and Special Intelligence Estimates.
(Support to and participation in the preparation of National and
Special Intelligence Estimates for use in the national policy-
making process.) Page 63

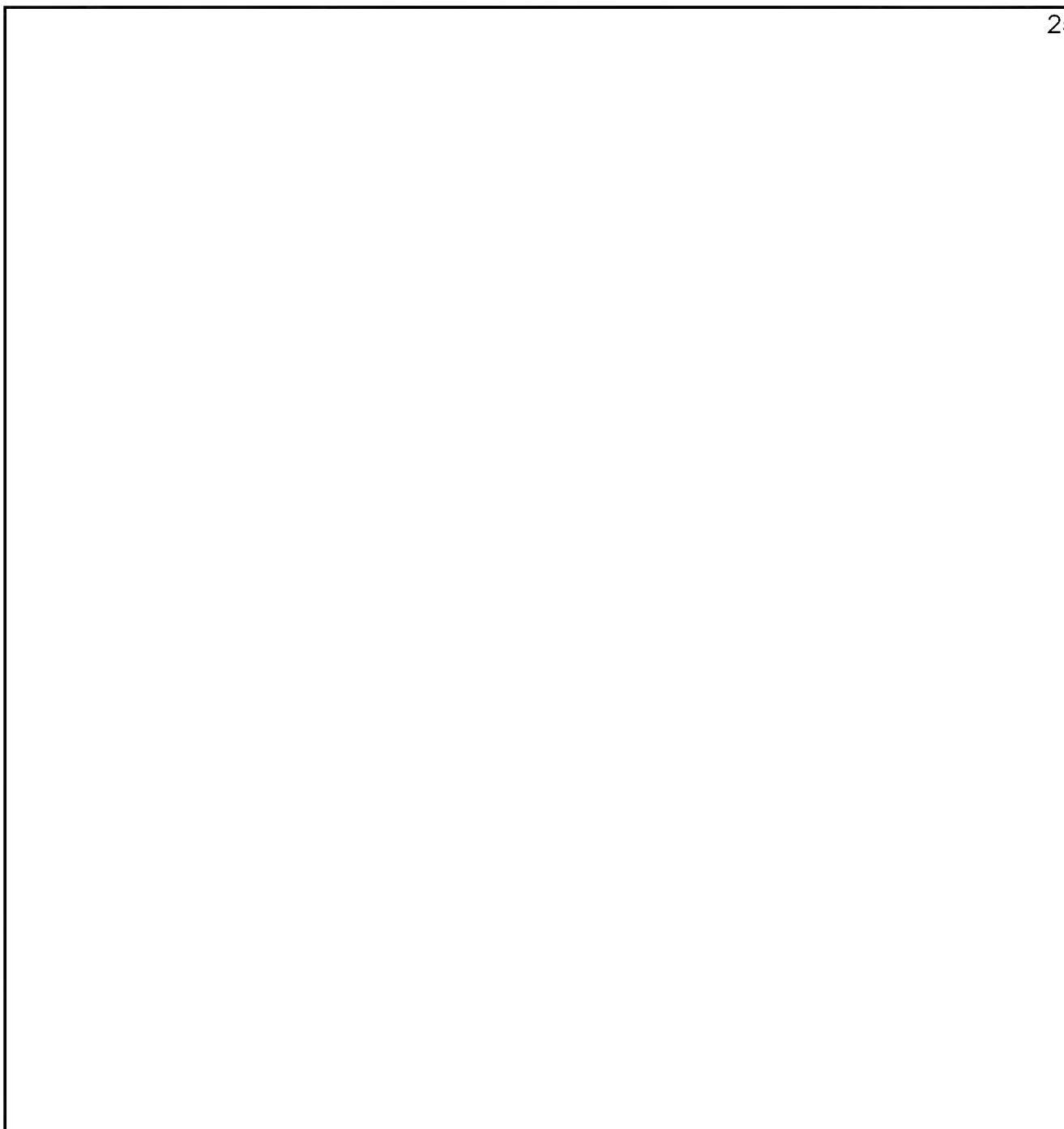
(3) National Intelligence Surveys. (Support to and
participation in the preparation of National Intelligence Surveys,
including the status of implementation of NIS production schedules
to meet national and military requirements.) Page 71

(4) Other significant intelligence productions.
(Identification of intelligence publications produced on a regularly
scheduled basis for either interagency or intra-agency consump-
tion.) Page 74



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NOTE

The format of the Annual Report conforms to the outline provided by the President's Foreign Intelligence Advisory Board. The text of the Board's outline is quoted at the start of each section and is underlined. The Board asked for:

"Information concerning major intelligence-related activities, including the following (identifying in each instance, where applicable, the governing National Security Council Intelligence Directives, Director of Central Intelligence Directives, or other national policy directives, pursuant to which such activities are performed)."

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A. Organizational arrangements for headquarters and field direction of intelligence-related functions, including organizational charts.

Major changes were made in the organization of the Agency in the scientific and technical field. The Deputy Directorate for Research, which had been created in 1962 and was composed of the Office of Special Activities, the Office of ELINT and the Office of Research and Development, was reconstituted as the Deputy Directorate for Science and Technology in August 1963. In a major effort to increase the resources for science and technology being applied to the intelligence process, the Office of Scientific Intelligence was transferred from the Deputy Directorate for Intelligence. An Office of Computer Services was established bringing together under one organization all of the Agency's many assets in the computer fields with the exception of the WALNUT computer system [REDACTED] and the computer center in the National Photographic Interpretation Center, which remained with their parent components but came under the staff guidance of the Office of Computer Services. A Foreign Missile and Space Analysis Center was created to follow all developments in this field on a 24-hour, all-source basis with research in depth on each event. FMSAC will complement the Space, Missile and

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Analysis Center of the Defense Intelligence Agency which follows such activities on a current intelligence basis. A Special Projects Staff was established as a line component with responsibility for systems management of CIA participation in national-level satellite reconnaissance undertakings.

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In order to centralize and strengthen the financial control of the Agency, the responsibilities of the Comptroller were assigned to the Executive Director. The office that was formerly known as the Comptroller Office was relieved of the Budget Division, the Program Analysis Staff and the Manpower Control Staff, renamed the Office of Finance, and transferred back to the Deputy Directorate for Support.

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An Office of Budget, Program Analysis and Manpower was established reporting directly to the Executive Director/Comptroller. The program analysis and manpower control functions of this office were strengthened considerably providing for increasingly detailed review of fund requests. Further, the Program Analysis Staff moved increasingly into management review and systems analysis activities. The development of this organization gave us more effective control over the manpower and money resources of the Agency.

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The following organizational charts show:

1. Central Intelligence Agency: Organization and Functions (to Deputy Director level).
2. Office of the Director (including Deputy for National Intelligence Programs Evaluation, Cable Secretariat, Inspector General, General Counsel, and Office of Budget Program Analysis and Manpower).
3. Deputy Directorate for Plans.
4. Deputy Directorate for Intelligence.
5. Deputy Directorate for Science & Technology.
6. Deputy Directorate for Support.

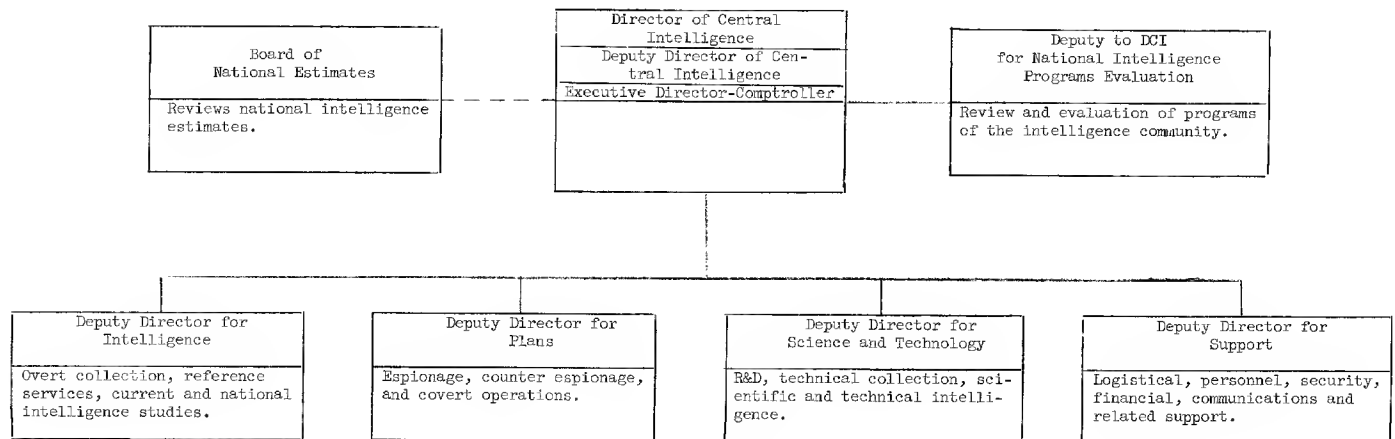
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Central Intelligence Agency
ORGANIZATION AND FUNCTIONS

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C. Training of intelligence personnel.

CIA continued to emphasize formal training for all of its personnel in a continued effort to develop skilled professionals. During FY 1964, [] Agency employees participated in full-time training and [] Agency employees took some part-time training. Of these, [] were trained in Agency facilities, [] in other Government facilities, and [] in private institutions.

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D. Intelligence collection requirements. (Coordination, formulation and tasking of requirements generated internally or by other agencies for purposes of meeting intelligence needs.)

The Central Intelligence Agency made important progress toward solving one of the most perplexing problems in the intelligence effort--that of centralizing, simplifying, and systematically levying requirements on the most appropriate collection system. It is implicit in the provisions of NSCID No. 1 and 2 and DCID No. 1/3, 2/2 and 5/5 that each agency will provide for the systematic and orderly developments of its intelligence requirements. Recommendations 21 through 27 of the Joint Study Group on Foreign Intelligence Activities of the U.S. Government (15 December 1960) dealt with improvements in requirements and evaluation procedures which would go further and integrate the requirements efforts of all of the intelligence agencies. These recommendations are still being implemented as this is a very long-term effort.

The Collection Guidance Staff (CGS) of the Directorate for Intelligence was established in June 1963 to consolidate the information needs of CIA production offices and to provide authoritative review of the resulting requirements.

In terms of CIA departmental operations, significant progress has been made in the formulation, coordination and tasking

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of requirements. CGS has centralized all the requirements operations formerly dispersed among the Agency's producing components, each of which possessed varying degrees of all-source access and capabilities. CGS speaks authoritatively to all collectors as to the relative priority of various information needs.

CGS is developing a collection guidance and collection management effort based upon:

- (a) comprehensive guidance periodically updated;
- (b) specific requirements-in-depth oriented to source and opportunity; and
- (c) programmed guidance built around collector capability, top priority problems, and a close review of collector response.

Detailed studies have been made of field reporting, of the allocation of information needs to major sources, and of the adequacy of the incoming flow of intelligence information as judged against priority intelligence needs.

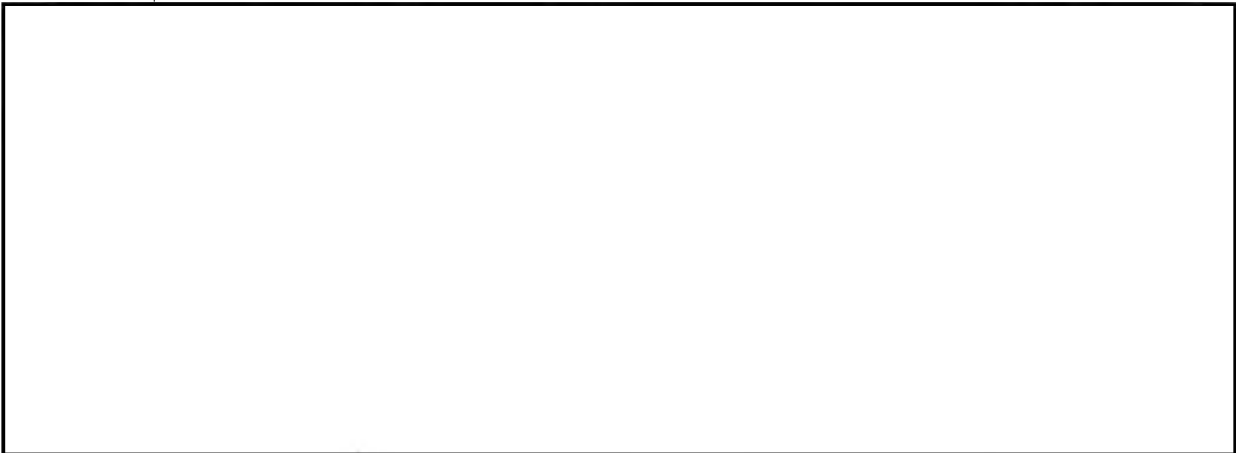
From the viewpoint of requirements, the reconnaissance source system is probably best of the three, especially in regard to (a) evaluation of field reporting; and (b) keeping records necessary for costing out the collected information.

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SIGINT is engaged in a pilot effort aimed at establishing and refining a means of correlating operating expenditures and source development planning to long-term top priority intelligence needs.



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In connection with the DCI's community leadership role, CGS provides sustained support to the efforts of various Agency management elements to correlate collection with the Priority National Intelligence Objectives and with the intelligence research programs under way. CGS provides staff studies for the Critical Collection Problems Committee (CCPC) on selected national priority problems, and participates in making advance intelligence reviews of planned reconnaissance and SIGINT R&D needs and in doing long-lead programming of information needs.

The principal deficiency at the present time in the general area of requirements and collection guidance is the lack of an interagency

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mechanism to deal with the broad and complex field of human

resources.

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E. Intelligence collection activities (reflecting significant results achieved during the reporting period) including those programs on the following list in which your agency performs a collection function:

(1) Basic intelligence.

All of the collection efforts which the Central Intelligence Agency either operates or participates in provide basic intelligence to some degree. The photographic collection and interpretation effort is both a major and important source of basic economic intelligence.

The monitoring of foreign broadcasts, the acquisition and exploitation of foreign publications, [REDACTED]

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[REDACTED] are all important sources of basic political and economic intelligence. These activities are discussed in separate sections below. Although basic intelligence is not usually a priority target for clandestine collection, there was some by-product reporting, for instance of data on Eastern European industrial, transport, and communications facilities.

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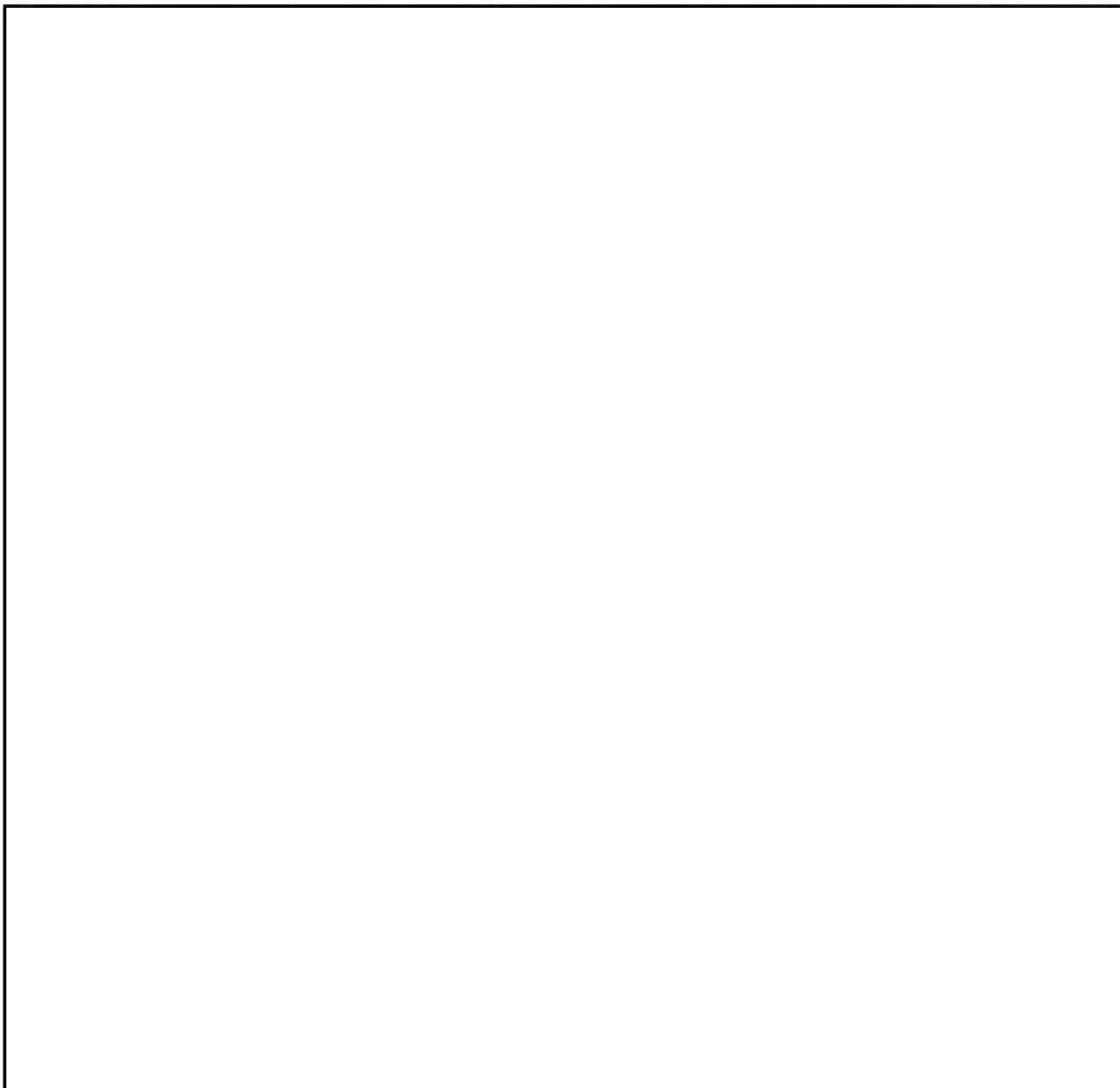
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(11) Order of battle intelligence.

Clandestine collection provided order of battle and
other military information, chiefly from liaison, including:



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(14) Foreign broadcast monitoring and foreign publications acquisition.

Foreign broadcast monitoring. CIA monitors foreign news and propaganda broadcasts as a service of common concern under the provisions of Paragraph 8, NSCID No. 2.

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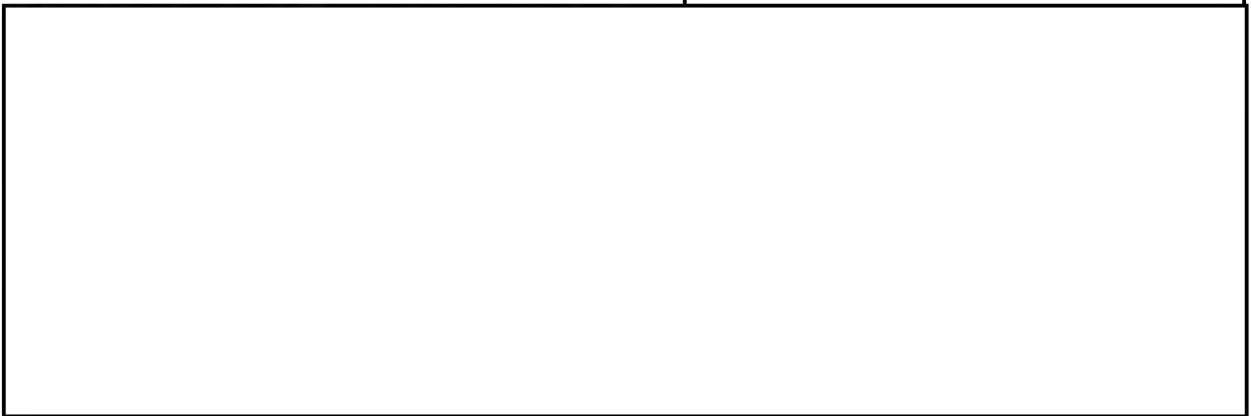
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Through these facilities FBID provided rapid and extensive coverage of crisis situations.

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U. S. policy-making bodies relied heavily on FBID texts of foreign leader speeches and official statements for support. Outstanding examples were the immediate delivery of texts of

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Khrushchev speeches and a DeGaulle press conference to the White House at the time of the negotiations on a nuclear-test-ban treaty, several Castro speeches, and special handling of Sihanouk speeches and Cambodian anti-American broadcasts when U. S. -Cambodian relations were approaching a crisis in December.

Reporting of the Sino-Soviet polemic continued as a major FBID effort with voluminous publication of material from Soviet, Chinese Communist, and other sources. Services during the mounting crises in Laos and South Vietnam included spot reports covering Peking, Moscow, Hanoi, and Laotian leftist radio propaganda behavior, briefings of CIA and State Department officers on critical aspects of this propaganda, and the collation of special background materials on North Vietnamese tactics and policy objectives in Southeast Asia.

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F. Screening of raw intelligence. (Procedures employed in the field and at headquarters, including description of programs designed to reduce unessential duplicative reporting.)

NSCID No. 2 states, "The Director of Central Intelligence, in consultation with the U.S. Intelligence Board or individual members... shall ensure that planning for the utilization of the collecting and reporting capabilities for intelligence purposes of each of the several departments and agencies avoids undesirable duplication and uncoordinated overlap...." Paragraph 2b of NSCID No. 5 states that the Director of Central Intelligence shall "coordinate clandestine activities with overt collection abroad."

Considerable progress has been made during the past year in screening raw intelligence to eliminate duplicative and marginal reporting.

The first and most essential step in eliminating duplicative reporting is to ensure that two or more collectors are not asked to report the same information.

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G. Intelligence production.

(1) Current intelligence analyses. (Including organizational and procedural arrangements in the field and at headquarters; procedures for timely identification and exploitation of early warning and indicator-type data concerning developing crisis situations warranting prompt consideration at highest government levels.)

CIA responsibility for the production of current intelligence is prescribed by Paragraph 2 of NSCID No. 3 and by DCID No. 1/5.

As the agency responsible for the production of national intelligence, the chief single function of CIA's Office of Current Intelligence (OCI) continued to be the writing and daily publication of the President's Intelligence Checklist and the Central Intelligence Bulletin.

During FY 1964, under USIB auspices, OCI conducted a thorough review of the Central Intelligence Bulletin, the procedures used in its production, and its relationship to the Defense Intelligence Summary. USIB confirmed the status of the Central Intelligence Bulletin as the Government's formal, national-level current intelligence publication. A representative of OCI continues to chair the interagency panel which meets daily to approve the items submitted for publication.

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The USIB in effect directed that the hard-copy version of the Central Intelligence Bulletin be disseminated to a limited number of high-level officials with a demonstrated need-to-know. This version contains sensitive information and its circulation has been somewhat reduced. The electrically distributed version, containing less sensitive material, is given more general circulation.

A parallel review of the President's Intelligence Checklist was conducted by OCI following the accession to office of President Johnson. As a result, six additional senior officials (Secretaries and Under Secretaries) were added to its circulation. The Checklist--normally produced six days a week--now provides all-source intelligence to all the President's senior advisors at the National Security Council level.

The daily secret-level Current Intelligence Digest, along with the secret and top secret versions of the Current Intelligence Weekly, continues to be produced and widely distributed throughout the U. S. Government. The new Weekly format introduced in the spring of 1963, including the separate distribution of articles of special interest, has received widespread approval.

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Incoming raw material which comes to Washington electrically is screened by watch officers on a 24-hour basis. Selected material is brought immediately to the attention of senior officials and desk analysts. These materials are also reviewed by the Indications section of the office where they are searched for clues pointing to preparations for hostile action. Moreover, they are examined by persons preparing the President's Intelligence Checklist to extract material of interest to the White House. In addition to this "fast mode" scanning, all incoming material is distributed to desk analysts on a routine, but still rapid basis. This multiple screening insures that no critical information is overlooked.

In addition to its daily and weekly publications, OCI:

- (a) produces a large number of special memoranda.
- (b) helps man the White House Intelligence Situation Room on a 24-hour basis.
- (c) has strengthened the staffing and improved the facilities of the round-the-clock Watch Office function whose main role is screening and alerting.
- (d) organizes task forces as necessary to concentrate on crisis situations.

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(e) continues to provide personnel for staffing the National Indications Center, including its Director, and to maintain a staff within OCI which supports the National Indications Center.

(f) represents CIA at all meetings of the USIB Watch Committee.

(g) has organized a special staff to prepare texts and graphic supplements of briefings for the Director of Central Intelligence to present to the President, the National Security Council, Congressional Committees, and other top-level groups.

OCI has established a new position of Special Assistant for Research to oversee the production of research papers on issues which may develop into difficult problems. Manpower for these studies will be drawn from the regular corps of analysts.

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(2) National and Special Intelligence Estimates. (Support to and participation in the preparation of National and Special Intelligence Estimates for use in the national policy-making process.)

NSCID No. 1 and DCID No. 1/1 prescribe policies and procedures for the production of national intelligence.

Some very important estimates were produced during the year. The military estimates on the Soviet Union had considerable impact, as did the outstanding estimate on the Soviet economy. Also particularly noteworthy were the estimates on probable Soviet activities in the Middle East and Africa, trends in the Communist world, and that on the state of affairs in the eastern European satellites. Communist China is receiving increasing attention from the estimators and the same types of estimates as are done on the Soviet Union will be produced: economy, advanced weapons, general military capabilities, etc.

The estimative process is one that is carefully controlled and continually under review. Hardly a day passes that the DCI personally does not concern himself with a proposal for an estimate, a draft estimate, or the approval of the final product. The United States Intelligence Board devotes a major portion of its time to either the estimative procedure or substance. Further, expert

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consultants are being continually brought in to review estimates from the raw material input to the conclusions in order to render an independent judgment. Probably no single aspect of the intelligence effort is given more consistent, careful high-level scrutiny.

During FY 1964 an independent high-level review board examined the entire estimative process and made recommendations which have now been put into effect. In general, however, their study endorsed the estimative effort as sound.

During the period under review 55 National Intelligence Estimates were completed, as compared with 57 during FY 1963. In addition, the new and voluminous document called "Intelligence Assumptions for Planning" was prepared and coordinated, for issuance in July 1964. Other major publications included the Priority National Intelligence Objectives (and quarterly supplements thereto) and two estimates [REDACTED]

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[REDACTED] There were 133

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substantive intelligence memoranda completed, as compared with 125 during FY 1963.

The number of estimates produced (55) is one less than the average yearly number of estimates produced (56) during

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the 14 years that Office of National Estimates (ONE) has been in business. The number of memoranda has increased--continuing the trend which we have witnessed during the past few years for speedily produced, less formal, papers for policy-makers. The subject matter of these memoranda is in many cases of the sort that once would have been handled in a Special National Intelligence Estimate. Nearly the entire estimative effort was devoted to current needs and demands of policy-makers. There continued to be more and more contact between the estimators and various policy-making committees of the U.S. Government, and CIA personnel spend considerable time in providing assistance and written critiques to these committees.

The CIA/DIA Joint Analysis Group published a series of Working Papers, including an analysis of the relationship between NIE 11-4-63 and the annual JAG report, a projection of alternative Soviet space programs through 1980, and a series reviewing force elements preparatory to publishing the second annual report now scheduled for October. The change in schedule of the annual report was necessitated by the production of the Intelligence Assumptions for Planning.

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Estimative production has been responsive to the need for timely assessments of critical areas such as Cyprus, Yemen, Cuba, Panama, Brazil, Laos, and South Vietnam. Indicative of the extent to which estimates are addressed to specific, and frequently urgent, policy requirements is the fact that almost one-half of the estimates completed were in the "unscheduled" category; the need for most of these had been anticipated in the Quarterly Estimates Program, but the exact date for their completion was left open.

The Soviet Bloc continued to receive major attention with the production of estimates on all important aspects of the military establishment, international Communism, foreign policy, and economic problems. A primary innovation was the effort to respond to the needs of the Secretary of Defense and his Department for detailed, quantitative data on all major aspects of the Soviet Armed Forces for a six-year period. This effort involved new problems (e. g., much greater quantitative detail) and the devising of methods to indicate ranges of uncertainty. The result was the completion, except for final printing and dissemination, of the formidable Intelligence Assumptions for Planning. This enterprise occupied more than half the time of the five military analysts on the staff for

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several months, and took more time and effort in preparation and coordination than any other document the Office has produced.

Military estimates constituted a steadily increasing proportion of the estimative effort during the past several years. It can be foreseen that this trend will continue, especially as the requirements for estimates of Chinese Communist advanced weapons and general military capabilities become more detailed and pressing.

In the nonmilitary field, the trickiest estimative problems arose from the need to interpret the detente tactics of the USSR and the split in World Communism. Considerable time was spent during the year in analyzing the difficulties encountered by the Soviets in the economic field and the problems likely to develop from a change in leadership.

Work on the Far East and Southeast Asia centered primarily on the advanced weapons program, economic prospects, and militancy of Communist China, and on Laos and Vietnam. In addition to preparing estimates and numerous memoranda on Laos and Vietnam, CIA personnel were very heavily committed to supporting inter- and intra-agency task forces concerned with intelligence and policy on the area. [REDACTED]

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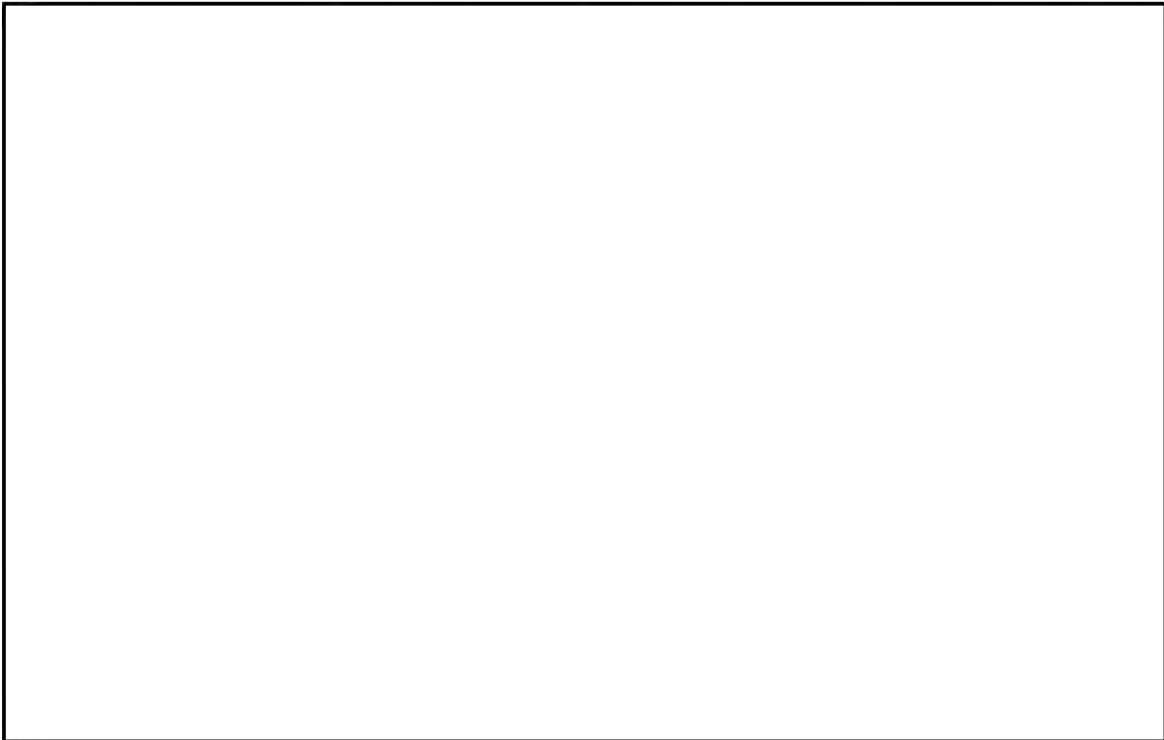
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As in FY 1963, the Near East and South Asia remained an area requiring almost continuing estimative concern. There was a growing number of requests for memoranda and estimates on likely scientific and technical developments in the area--a reflection of the fact that certain of the countries are no longer considered so underdeveloped. Urgent attention was devoted to Cyprus and Yemen, and a special estimate was produced on the Arabian Peninsula.

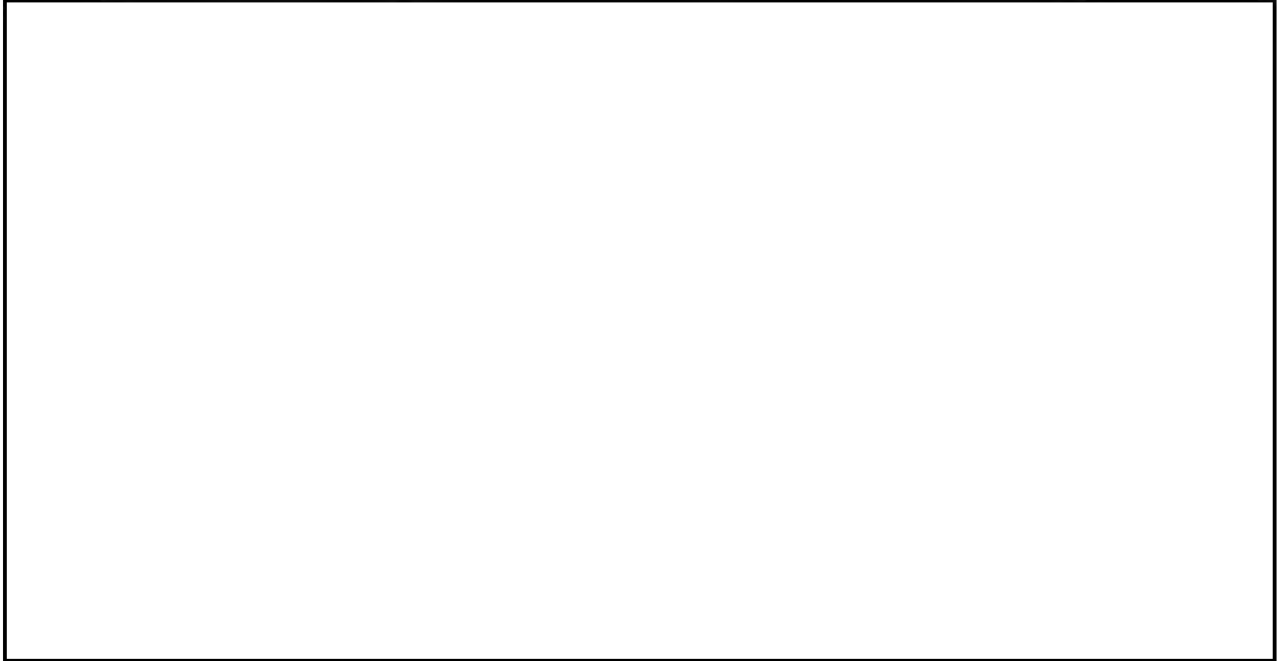


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Cuba remained a subject of continuing concern resulting in the preparation of various substantive memoranda and three estimates. One of these estimates dealt with Hurricane Flora, another with the transfer of the SAM System to Cuban control, and the third with the likelihood of an attempted shoot-down of a U-2.

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In view of increasing interest in and concern with African problems on the part of the policy-makers, a total of 12 substantive intelligence memoranda were prepared dealing with a variety

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of African problems, including several on the Congo. Of the three estimates completed on Africa, one concerned the Horn of Africa (dealing particularly with the Greater Somalia problem), one dealt with political instability in some 18 countries of West Africa, and the third was an assessment of short-term prospects for South Africa.

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(3) National Intelligence Surveys, (Support to and participation in the preparation of National Intelligence Surveys, including the status of implementation of NIS production schedules to meet national and military requirements.)

CIA responsibility for the coordination of the NIS program and the production of certain portions of the NIS are based on Paragraph 1 of NSCID No. 3 and USIB-D-51.1/8, approved by USIB on 14 August 1963.

The production of National Intelligence Surveys continued to provide the Government with the required basic intelligence. The effort is now primarily divided between CIA and DOD with supporting participation by both Washington and field components of State and inputs under contract from Agriculture, Interior, Commerce, HEW, and Labor.

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In August 1963, the United States Intelligence Board made a comprehensive review of the NIS Program and approved certain measures to streamline and accelerate NIS production, and to ensure to the maximum feasible degree the responsiveness of the Program to the requirements of high level military and civilian planners. The principal measures approved by USIB were:

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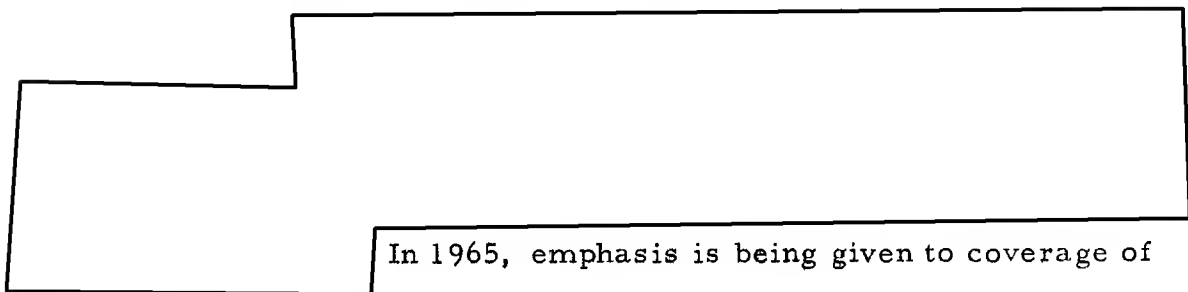
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(a) reorientation of the program toward meeting the basic intelligence needs primarily of high level military and civilian planners.

(b) establishment of the one-volume General Survey (formerly Chapter I, Brief) as the primary unit of NIS coverage for each area.

(c) limiting the production of additional chapters or sections, (over and above the General Survey) to those clearly required by users or essential to an understanding of an area, each such additional chapter or section to be specifically approved by the NIS Committee.

(d) USIB review and approval of area and subject priorities for each annual NIS production schedule.



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In 1965, emphasis is being given to coverage of Latin America and Africa.

The program establishes three years as the basic interval for reviewing and revising each published General Survey,

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with selective revision at appropriate intervals of other chapters and sections, in order to keep the information in the NIS reasonably up to date. With the changes in streamlining of the program, this objective can be met in the near future.

At the request of USIB, the views of certain selected high level consumers have been sought with respect to the reorientation of the Program. These consumers have unanimously endorsed the changes in and new direction taken by the Program.

A recurring problem in the NIS Program arises from the fact that, in times of crisis, NIS production is necessarily often of lower priority than production immediately related to the crisis, and analysts in the agencies are diverted from NIS to higher priority tasks. There is no ready solution to this problem, but it is hoped that the increased flexibility which recent changes have introduced into the Program will alleviate the consequences of these situations when they arise.

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(b) Economic intelligence.

During FY 1964 economic research on the USSR under DCID No. 3/1 focused on the sharply declining growth of GNP, the reallocation of resources to the chemical industry and agriculture, the large grain imports and the attendant problems of declining gold reserves and the need for Western credits. Reports were completed of Soviet military technical assistance and of Soviet deliveries of military equipment to non-Bloc countries. Direct support was provided to the White House and the State Department during the formulation of U. S. policy on grain exports and long-term credits to the USSR.

Research on the European satellites increased somewhat. Research on Communist China continued to probe the economic stagnation of that country and its prospects for recovery, the status of defense industries, logistic support to ChiCom forces in Tibet, Sino-Soviet economic relations and ChiCom trade overtures to the West.

Economic intelligence support of counterinsurgency increased sharply in FY 1964 and included a transportation vulnerability study of southern Africa for the Department of State, a study of arms traffic in the Caribbean area, numerous studies of the construction of

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military, port and highway facilities supporting insurgent groups in Laos and Vietnam and contributions to the economic and telecommunications sections of operational handbooks prepared for the Clandestine Services. Toward the end of FY 1964, ORR created a separate Military-Economic Division.

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(3) Controls on other releases of intelligence-related information, including releases to the press.

During FY 1964 the Agency continued to provide the Chairman and Secretariat of the Security Committee, United States Intelligence Board. The Committee derives its authority from DCID No. 1/11. The Committee, under the provisions of USIB-AM-63/25 of 10 May 1963, has reviewed extensively the procedures for sanitizing and downgrading sensitive intelligence. Its report, containing recommendations for the USIB, is now in final coordination. The Security Committee, with the approval of the USIB, and acting under the provisions of Paragraph 5, NSCID No. 1 and DCID No. 1/11, pooled the investigative resources of member agencies under the Chairman for investigation of a possible unauthorized disclosure in one geographic area. The procedures so established will facilitate future investigations.

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J. Scientific and technical. (Organization and application of scientific and technological resources for intelligence-related purposes; and arrangements for coordination with other intelligence agencies.)

The scientific and technical intelligence effort of the Central Intelligence Agency received the top priority of all activities during the year. This was in direct response to the recommendations of the President's Foreign Intelligence Advisory Board of 8 March 1963. In view of the importance of these recommendations, they are quoted in full.

"13. Strengthening Technical Capabilities. The Board recommends that top priority be given to the creation, organization and exploitation of new resources of science and technology for use in intelligence activities.

"Except in limited fields, of which photographic reconnaissance is one, we have merely scratched the surface in exploiting the use of science and technology for intelligence purposes.

"To move ahead with an adequate program, the Board proposes the following:

"(a) The creation of an organization for research and development which will couple research (basic science) done outside the intelligence community, both overt and covert, with

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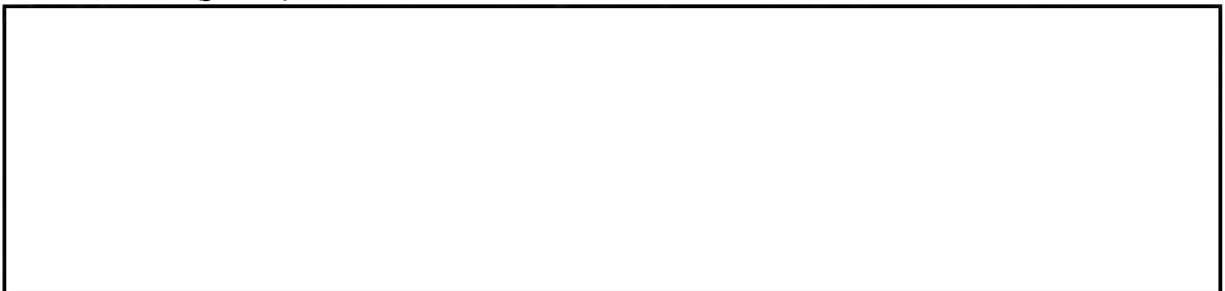
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development and engineering conducted within intelligence agencies, particularly the CIA. Institutional research, academic and industrial, must be joined to mission-oriented research.

"(b) The installation of an administrative arrangement in the CIA whereby the whole spectrum of modern science and technology can be brought into contact with major programs and projects of the Agency. The present fragmentation and compartmentation of research and development in CIA severely inhibits this function.

"(c) The clear vesting of these broadened responsibilities in the top technical official of the Central Intelligence Agency, operating at the level of Deputy Director. (Recasting and extending the Central Intelligence Agency's present Office of Research may accomplish this. If it does not, alternative administrative arrangements must be devised.) This technical official as we conceive his responsibilities, should have reporting to him the following groups, each managed by a competent technical leader:



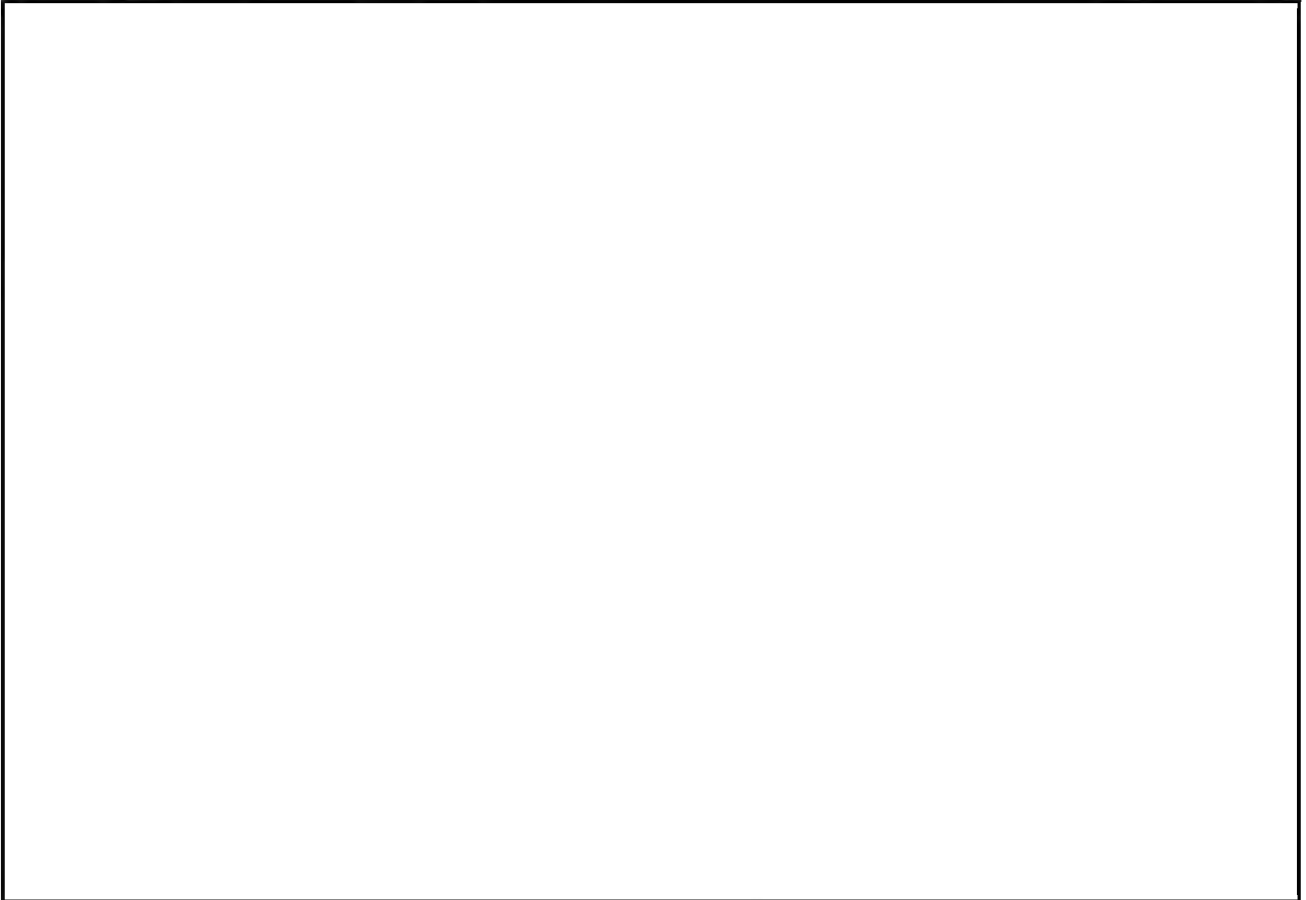
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The Directorate for Science and Technology, the successor to the Directorate for Research, was created in August 1963 to increase the resources for science and technology being applied to intelligence problems. Throughout FY 1964 we gave heavy emphasis to the creation and early organization of the new structure. The organization to support the DCI in scientific and technical activities is shown in the following chart, while the present structure of the DD/S&T and missions and functions of the separate Offices are shown in the next chart.

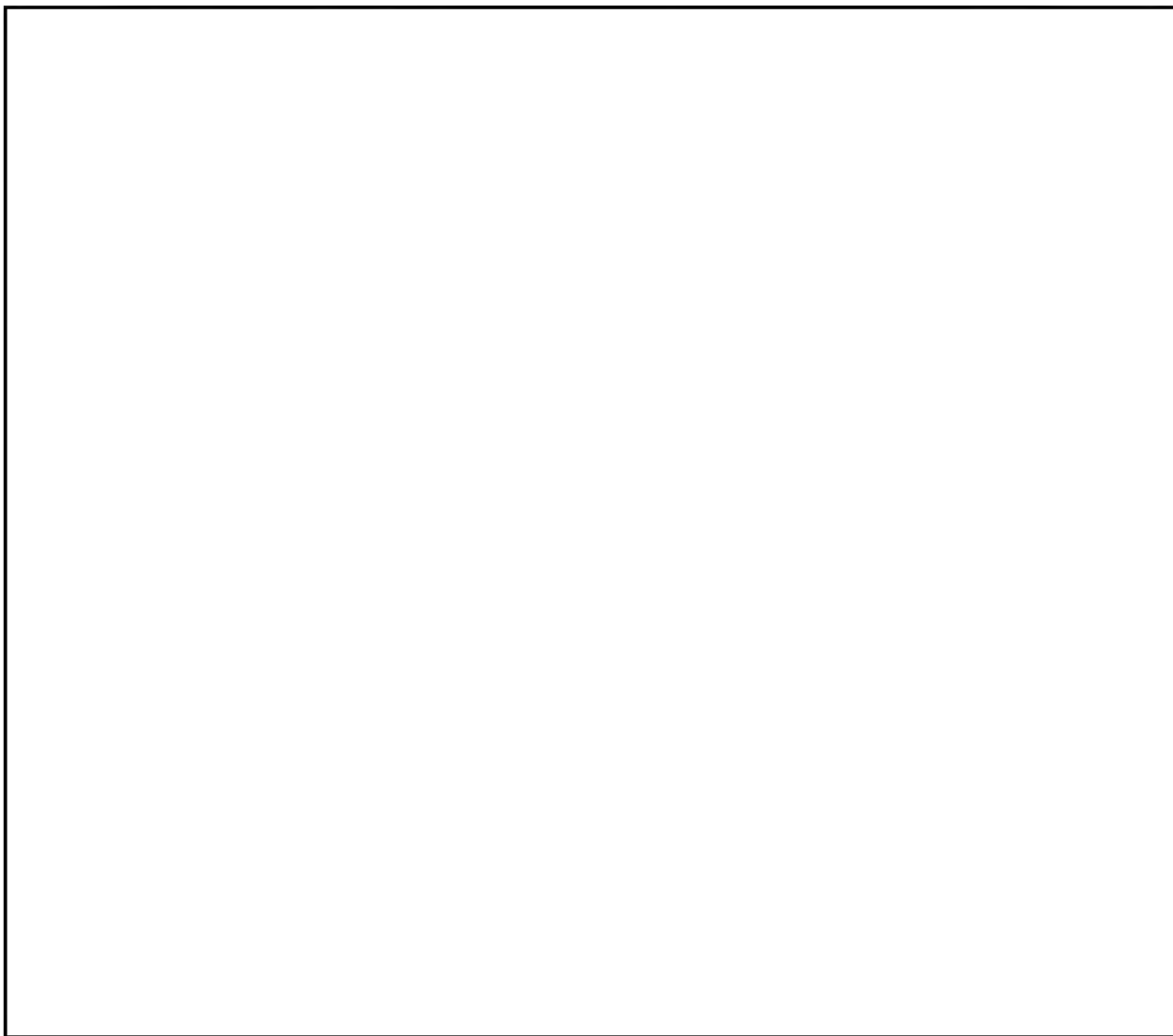
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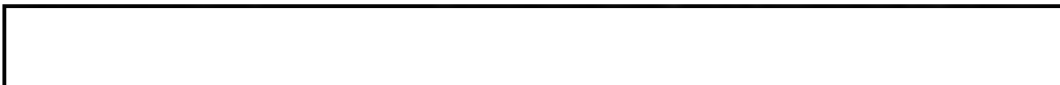
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The Scientific Advisory Board meets periodically; its panels meet to review specific areas of effort and projects. The Board has reviewed the Agency's R&D and scientific and technical intelligence effort.



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reported to the DCI, as did a special panel

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An indication of the quality of our scientific and technical intelligence effort is given by the reaction of the Hyland Panel (The Ad Hoc Panel on the Soviet Strategic Threat, composed of Drs. Hyland, Perry, Johnson, Foster and Mettler; Generals Davis and Medaris, and Admiral Smith) in its report to the USIB on 1 August 1964. The Panel volunteered that it felt the U. S. intelligence community had done a good job in this area and was particularly pleased with the quality and scope of the presentations made to the Panel and the improved analysis base.

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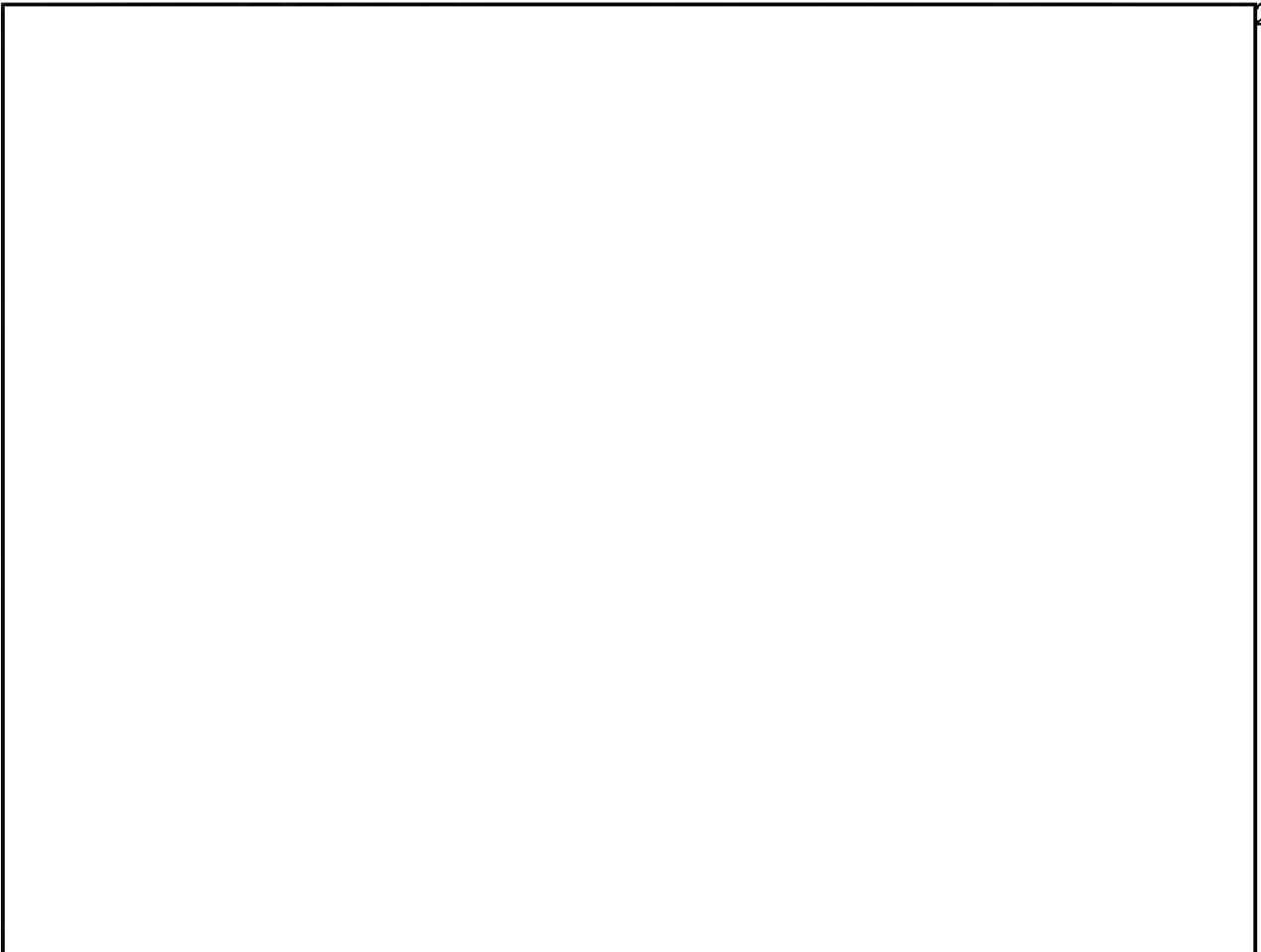
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Missiles and Space. Soviet ICBM development and testing remained at a high level during the past year and several significant achievements have been detected.

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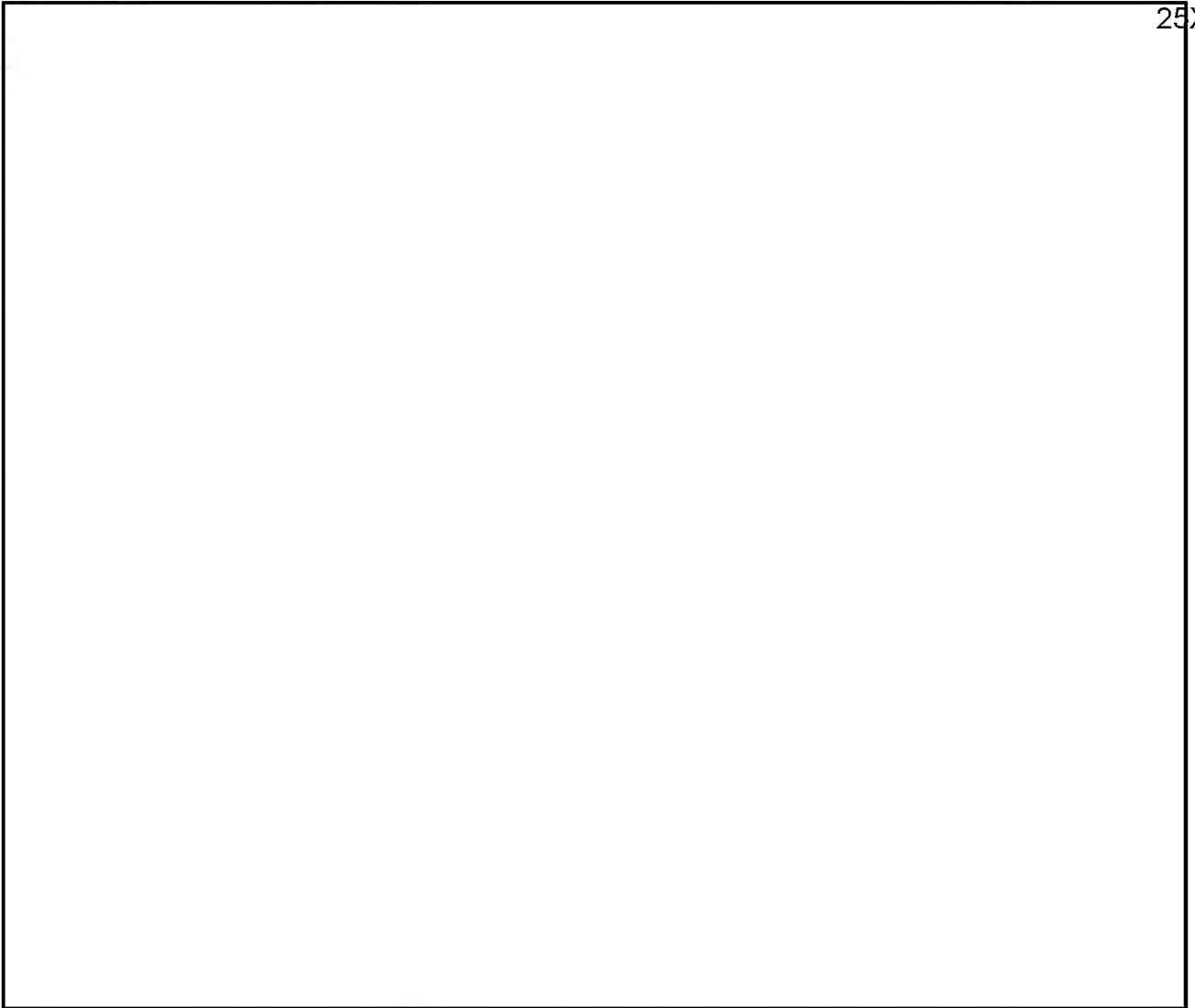
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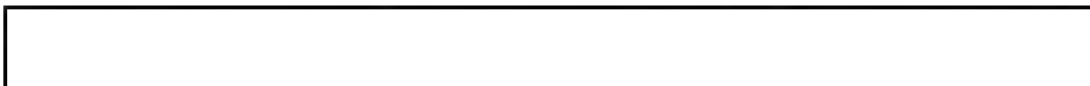
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Air and Missile Defense. Our principal contributions in the past year to the analysis of Soviet air defense capabilities have been a re-analysis of the Soviet missile radars, an evaluation of manuals on the SA-2, and a computer simulation of the SAM system.



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The Foreign Missile and Space Analysis Center continues to build toward its objective as the central government source for reporting on foreign missile and space events.

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N. Planning for intelligence-related activities in time of war, including support of military operations in wartime.

CIA continued to work closely with the Joint Staff (JCS) in the planning and preparation necessary to meet crisis situations ranging from local contingencies to general war. This involves continuing efforts to align CIA planning with national policy objectives and military plans and to insure that training and support requirements for emergencies are met.

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A review was made of the unconventional warfare requirements of UNCINCEUR, CINCPAC and CINCLANT, and responses sent to the JCS. CINCPAC's intelligence requirements were processed under new policy and criteria jointly developed by CIA-DIA.

CIA has participated in the preparation of suggested changes to the National Military Command System (NMCS) Master Plan, revised the agreement with the Defense Department on escape and evasion responsibilities, and has arranged for high priority transportation requirements during the initial phases of general war. CIA participated in eight training exercises with the U.S. military commands.

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CIA now has officers on duty 24 hours a day in the National Military Command Center, and also has an officer assigned to the Department of State Operations Center. The Agency participated fully in such war games [redacted] and in field exercises where appropriate.

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O. Legal and Legislative.

An Agency Early Retirement Bill was passed by the 88th Congress and has been signed by the President. It empowers the Director to retire, in advance of the statutory age limit without loss of annuity, personnel who have served the Agency for at least ten years, five of which were overseas. It is essential legislation to enable us to keep the Clandestine Services from becoming burdened with personnel waiting to retire. The bill limits the number of retirees to 400 in the first five years, and another 400 in the second five year period.

CIA developed a simplified and improved system, approved by Internal Revenue and administered by the Agency, for tax reporting in sensitive cases.

The Federal Employees Salary Reform Act of 1964

(a) establishes the position of Director of Central Intelligence at level II and of the Deputy Director at level III;

(b) provides for withholding of publication by the President, in the interest of national security, of names of individuals placed in levels II through V of the executive listing;

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